

Reco	: BUY
CMP	: INR1,207
Target Price	: INR1,693
Potential Return	: 40%

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Market data

Sensex	:	29,319
Sector	:	Engineering
Market Cap (INRbn)	:	28.8
Market Cap (USDbn)	:	0.446
O/S Shares (m)	:	23.6
52-wk HI/LO (INR)	:	1248/737
Avg Daily Vol ('000)	:	40
Bloomberg	:	APAT IN

Source: Bloomberg

Valuation

	FY17e	FY18e	FY19e
EPS (INR)	59.0	87.6	121.0
P/E (x)	20.5	13.8	10.0
P/BV (x)	4.2	3.3	2.6
EV/EBITDA (x)	10.5	7.8	6.0
Dividend Yield (%)	0.8	0.8	0.8

Source: Bloomberg

Returns (%)

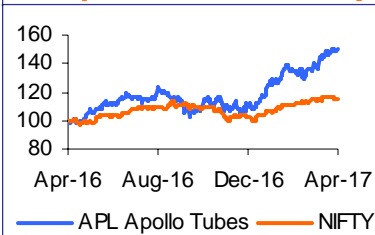
	1m	3m	6m	12m
Absolute	8	19	32	50
Relative	9	10	26	32

Source: Bloomberg

Shareholding pattern

Promoters	:	37%
Public	:	63%
Others	:	0%

Source: Bloomberg

Price performance vs Nifty

Source: Bloomberg Indexed to 100

INITIATING COVERAGE

APL Apollo Tubes Limited

An engineering play with leadership in the ERW pipe segment

APL Apollo Tubes Limited (APL) is India's leading branded steel tubes manufacturer in the electric resistance welded (ERW) pipes segment. The company currently operates six manufacturing facilities with a total capacity of 1.3MTPA and has recently commissioned its seventh facility at Raipur, Chhattisgarh. Pipes capacity is being expanded from 1.3MTPA to 2MTPA by FY18 upgrading facilities with value added products. APL Apollo, an engineering pipe company is expected to post an earnings CAGR of 43 per cent over FY17 to FY19 driven by robust demand, higher volumes with capacity additions, improved profitability and lower interest costs. Stock trades at attractive valuations of 10x FY19e P/E despite having demonstrated earnings CAGR of 20% over FY13-FY16 and expected RoE's in excess of 25% in FY18/19. We initiate coverage on the company with a Buy rating and a target price of INR 1,693 per share at a target P/E multiple of 14x FY19e EPS.

Largest player in the ERW structural pipes space with primary focus on pipes business

The company is India's largest player with a capacity of 1.3MTPA which would be expanded to 2.0MTPA by FY18 solely focused on the pipes and tubes business unlike some of the major competitors. Pipes capacity is more than double that of the nearest competitor. APL enjoys economies of scale in raw material procurement and also has an advantage of lower freight costs with facilities and depots located close to demand hubs.

Pan India footprint, wide product basket with strong distribution network

APL Apollo is the only ERW tube player with a pan India footprint. With three plants located in North India in Sikandrabad (UP), two plants in South India, one each in Hosur (Tamil Nadu) and Bengaluru (Karnataka), one plant in West India in Murbad, Maharashtra and with an upcoming plant in Central/East India in Raipur (Chhattisgarh), their manufacturing footprint stretches across India. The company has a strong three-tier distribution network of over 600 direct distributors and 40,000 retailers spread across India, with warehouses cum-branch offices in over 20 cities.

Pioneer in adopting the latest technologies with innovative product offerings

APL was the pioneer in launching color coated and pre-galvanized pipes in the domestic markets. It is also the first company to introduce latest global technologies including Direct Forming Technology (DFT) and In-line galvanizing in India. DFT is the latest global technology for making hollow sections of superior quality which reduces rollover time significantly. DFT is expected to lead to savings in raw material costs of ~3-7% and increased design flexibility leading to higher product customization.

Return ratios to improve consistently with declining leverage levels

RoE's are expected to improve steadily from 23.7 per cent in FY16 to 29.0 per cent in FY19 with declining leverage levels. Net debt to equity would decline from 1.1x in FY16 to 0.4x in FY19 with interest coverage ratios improving from 3.6x to 10.5x over the same period.

Valuations and outlook

We expect the company's profits to grow at a CAGR of 43 per cent over FY17 to FY19 driven by higher volumes, improved profitability and lower interest costs. APL is expected to continue gaining market share driven by capacity expansion capitalizing on the company's brand strength and pent-up demand from the infrastructure, construction, automobile and energy sectors. We initiate coverage on the company with a Buy rating and a target price of INR 1,693 per share at a target P/E multiple of 14x FY19e EPS.

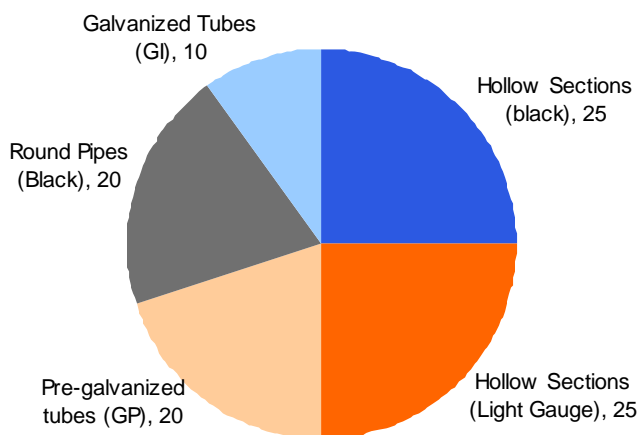
APL Apollo: Niche player in ERW steel pipes, an engineering play

APL Apollo Tubes Limited (APL) was established in 1986 and is India's leading branded steel tubes manufacturer in the electric resistance welded (ERW) pipes segment. The company currently operates six manufacturing facilities with a total capacity of 1.3MTPA and has recently commissioned its seventh facility at Raipur, Chhattisgarh. Pipes capacity is being expanded from 1.3MTPA to 2MTPA by FY18 upgrading facilities with value added products. Post the commissioning of the Raipur facility, it has a pan-India presence with units strategically located in the North (Sikandarabad -3 units), South (Bangalore, Hosur), West (Murbad) and East (Raipur). The Company has a strong three-tier distribution network of over 600 dealers spread across India, with warehouses cum-branch offices in over 20 cities. APL Apollo serves as a 'one-stop shop' for a wide spectrum of steel products, catering across a spectrum of industry applications including urban infrastructure, automobile, construction, housing, energy, irrigation, solar plants, greenhouses and engineering. The company's diverse product mix spans over 400 varieties of Hollow Sections, Pre-galvanized Tubes (GP), Round Pipes (Black), Galvanized Tubes (GI) and Special Value-Added Products.

Post the capacity expansion to 2.0MTPA, the company's capacity would be more than double the capacity of the closest competitor Surya Roshni. Other competitors in the domestic market include Tata Steel, Bhushan Steel, Jindal India, Jindal Pipes, Hi-Tech, Rama Steel Tubes, Goodluck and Swastik Pipes. However for a few of the companies like Tata Steel steel pipes is not the primary focus and Surya Roshni is also engaged in other businesses like LED lamps, fans and home appliances. Company has been gaining market share from the smaller unorganized players and this trend is expected to accelerate post the implementation of GST.

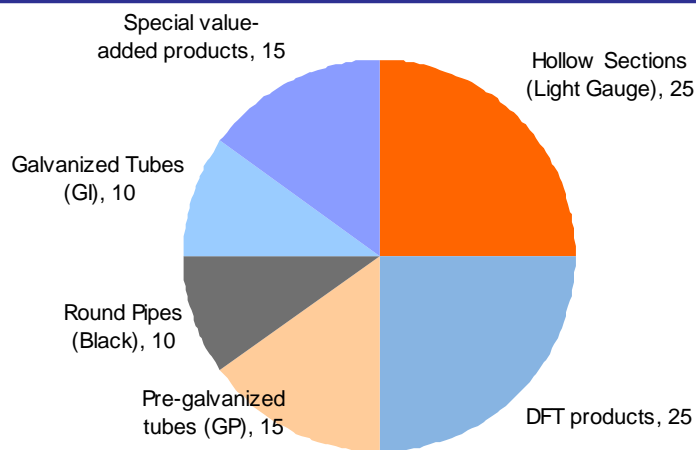
APL is targeting a mix of 90% from value added products by FY20 as compared to FY16 levels of ~45%. Lower value added products like round pipes (black) and hollow sections (black) would be gradually reduced/eliminated with higher proportion of DFT products and special value added products.

FY16 Product mix (%)



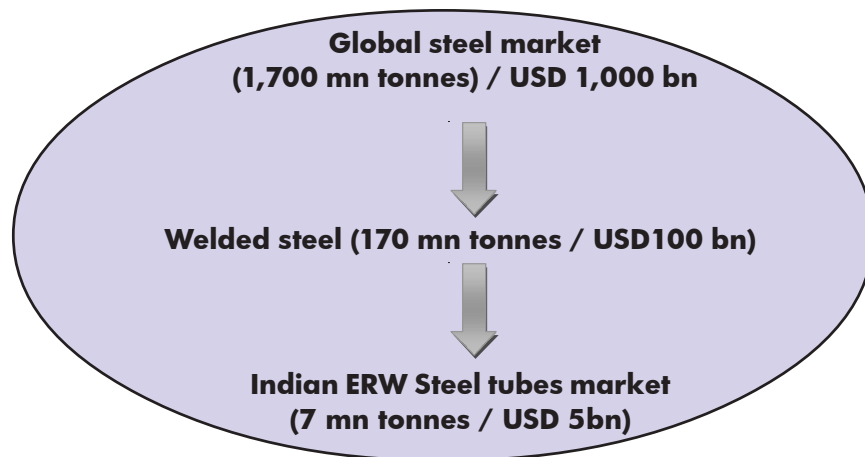
Source: Company, Antique

FY20 Product mix (targeted) - %



Source: Company, Antique

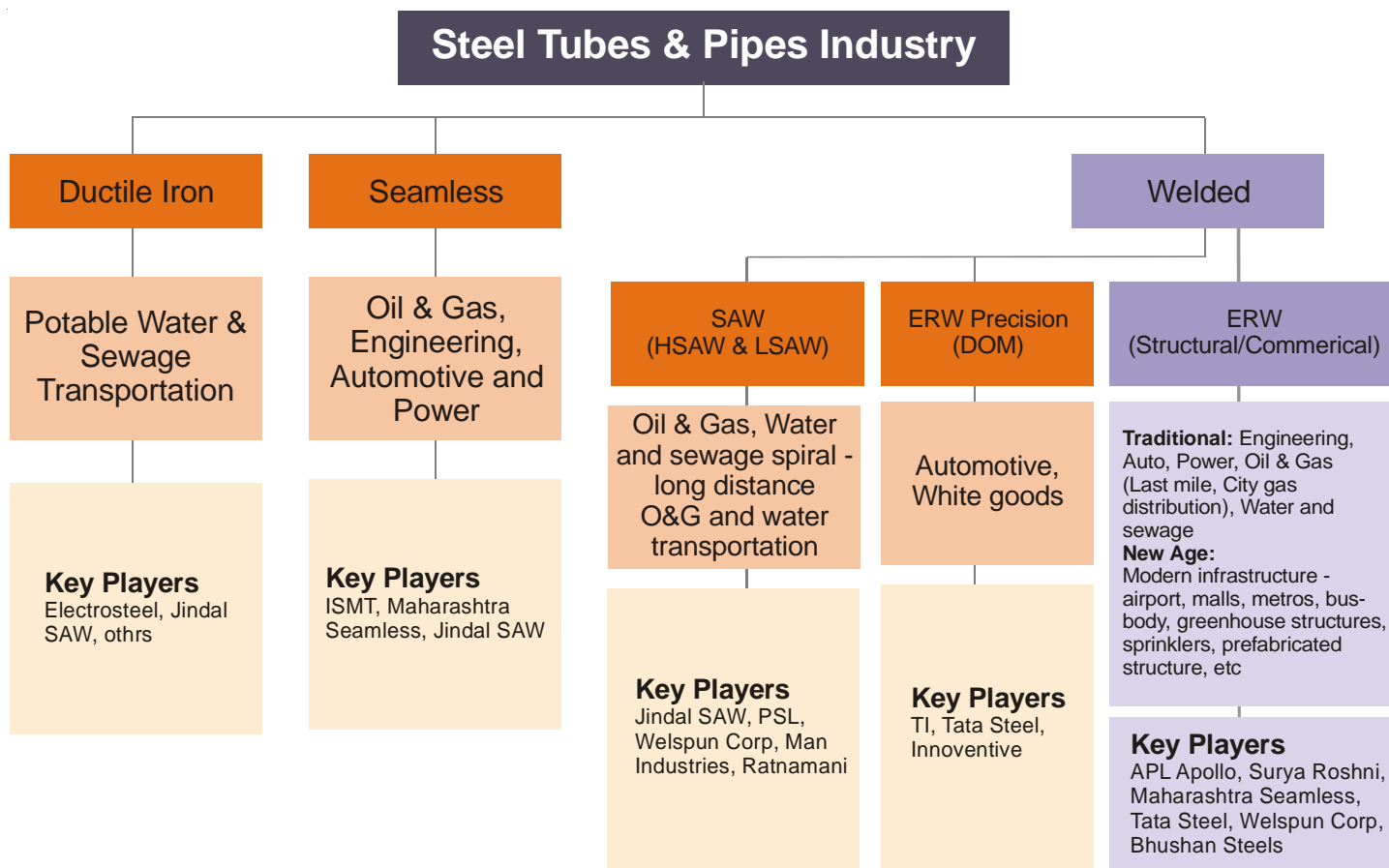
ERW pipes market opportunity



Source: Company, Antique

Steel pipes and tube manufacturing are among the fastest growing industries across the globe. India is among the leading ERW steel tubes manufacturing hubs in the world with domestic production levels of 7-7.5MTPA. Other countries manufacturing steel pipes and tubes include China, Turkey, Italy and US. Demand is led by increased infrastructure construction, automobile and energy sectors. Domestic ERW pipe industry to grow at ~9% CAGR through FY19 and the current market size is estimated at USD5bn.

Domestic steel pipe industry structure



Source: Industry, Antique

Ductile iron

Ductile iron pipe is a pipe made of ductile iron commonly used for potable water transmission, distribution and sewage transportation. This type of pipe is a direct development of earlier cast iron pipe, which it has superseded.

Seamless

Tubular product made without a welded seam, manufactured in a hot-forming process using an extrusion or drawing process that can be followed by cold sizing or cold finishing to produce the desired shape, dimensions and properties. It has the highest pressure-handling capacity, able to withstand higher temperatures and have stress resistance. They are primarily used in oil & gas exploration and production.

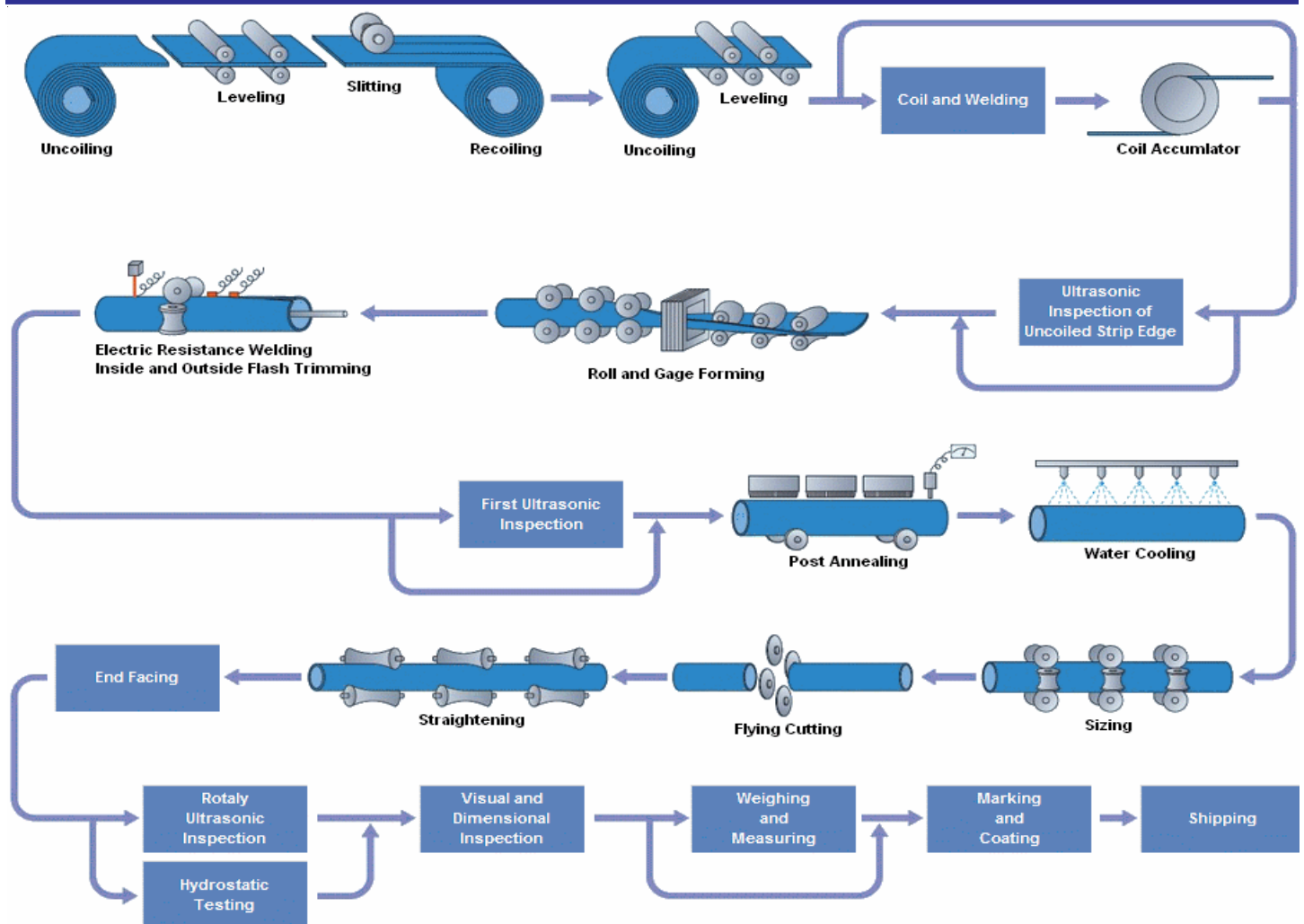
Submerged Arc Welded (HSAW & LSAW)

LSAW and HSAW are variants of SAW (submerged arc welded) pipes. The difference between them is the way they are welded. In LSAW pipes, the welding is longitudinal, which means that steel (hot rolled coil plate) is rolled into a pipe and the seam is welded longitudinally. Given strength and toughness, LSAW pipes are largely used in long-distance transport of oil & gas and HSAW are generally used to transport water & sewage and in the construction segment.

Electric Resistance Welded (ERW)

Welded and Electric Fusion Welded ("EFW") pipe is formed by rolling plate and welding the seam. They have the lowest pressure-holding capacity. Recently, they have found applications in the form of structurals in the construction and Modern infrastructure - airport, malls, metros, bus body, greenhouse structures, sprinklers, prefabricated structures, etc.

ERW Pipe Manufacturing Process



Source: Industry, Antique

Strong growth prospects for ERW pipes, domestic growth forecast of 9% CAGR

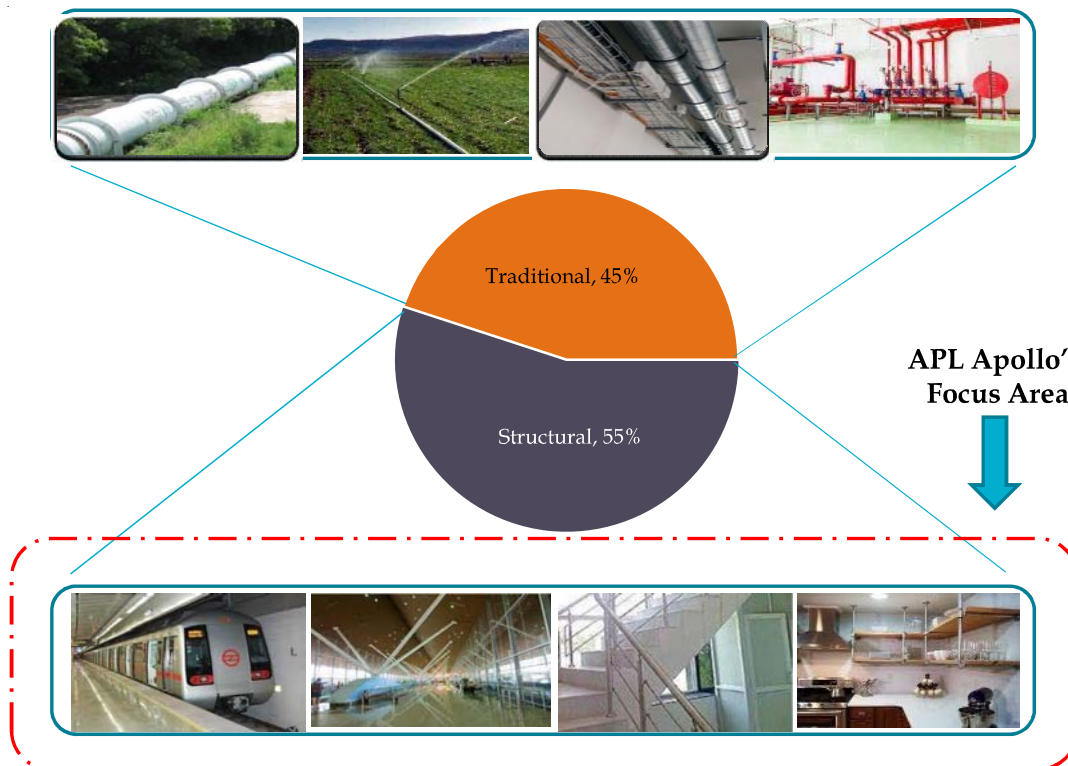
Steel pipes and tube manufacturing are among the fastest growing industries across the globe. India is among the leading ERW steel tubes manufacturing hubs in the world with domestic production levels of 7-7.5MTPA. Demand is led by increased infrastructure construction, automobile and energy sectors. Domestic ERW pipe industry is to grow at ~9% CAGR through FY19 and the current market size is estimated at USD5bn. APL has been gaining market share from the smaller unorganized players and this trend is expected to accelerate post the implementation of GST. Share of the smaller players has shrunk dramatically as they were unable to compete with the larger players operating with efficiencies of scale, modern plants, wider geographical reach and diverse and innovative product mix.

Traditionally, ERW pipes were used in water/sewage transportation, especially in domestic plumbing, last mile gas distribution and automobiles. With an improvement in load bearing strength of ERW pipes, it has found new applications in industries like infrastructure, commercial real estate, pre-fabricated structures and furniture.

Segments that are growing in the ERW pipes' space are the pre-galvanized pipes (GP) primarily consumed in the coastal and hilly areas (Kerala, Goa, Andhra, Himachal, Uttarakhand) which are used as a replacement for wood in the applications of roofing structures providing shelter from rains and sunlight. Additional applications for the product are fencing, gates and grills.

Hollow sections are also witnessing strong growth in the application areas of infrastructure (metros /airports), construction (pre- fab buildings) and newer applications like agricultural implements, construction equipment, gym/sports equipment, solar tracking systems and automobile applications like truck & bus body/ heavy vehicle axles. Segments that are witnessing a decline are GI pipes that are primarily used in traditional applications like irrigation, agriculture, firefighting and plumbing which have been replaced by PVC pipes. Black Round Pipes which are a low margin product are also gradually being replaced by structurals.

Application of ERW Pipes



APL Apollo well positioned to capitalize on the steel pipe demand

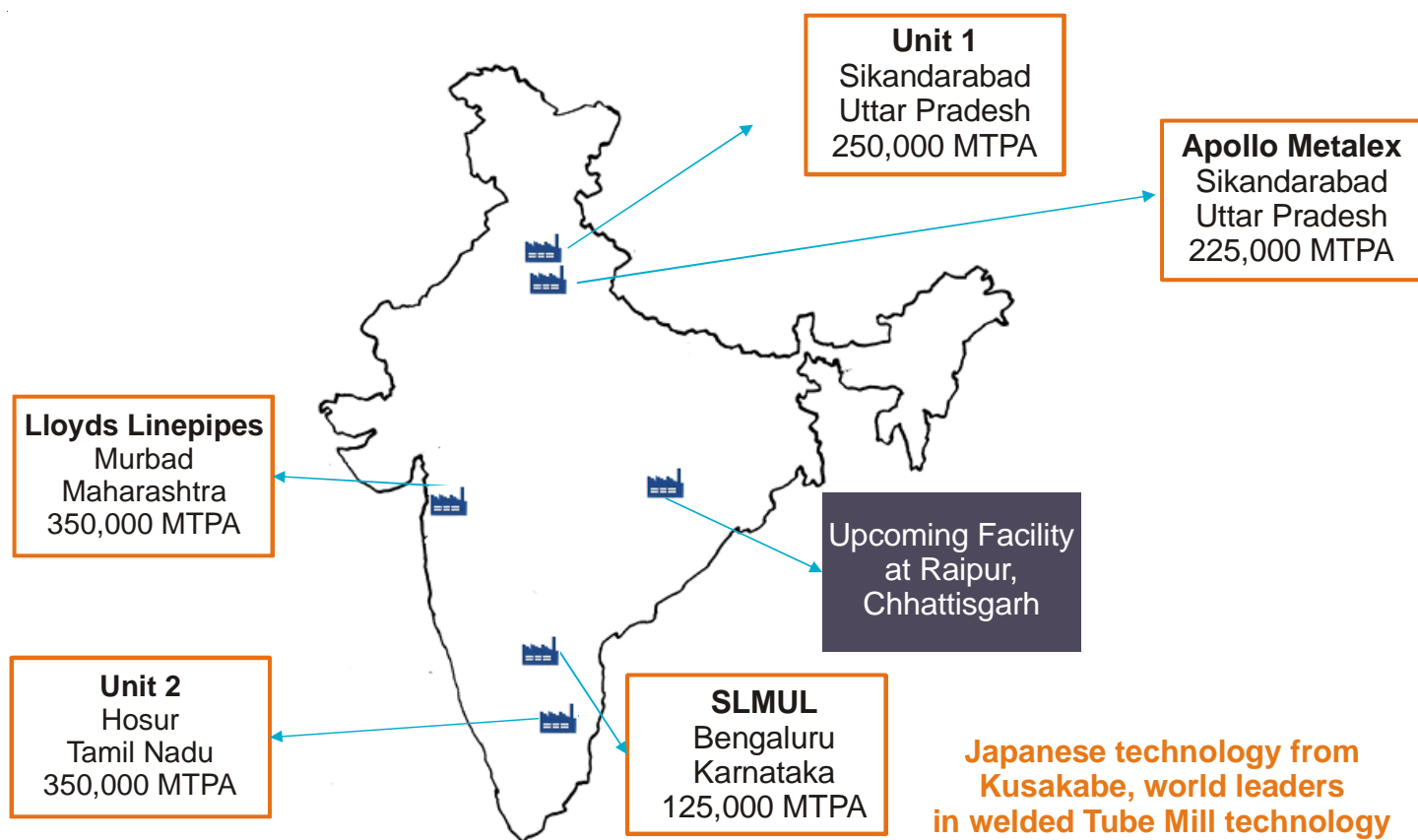
APL Apollo is uniquely positioned to capitalize on the growing steel pipe demand due to the following strengths:

- a) Pan India presence with extensive distribution network and wide reach.
- b) Aggressive capacity expansion from 1.3MTPA to 2MTPA and vision to become the world's largest steel tube manufacturer globally by 2020.
- c) Pioneer in introducing innovative technologies such as DFT and In-line galvanizing in India.
- d) Wide product portfolio with over 400 varieties of pipes/tubes.

APL Apollo pan India presence with expansive manufacturing & distribution footprint

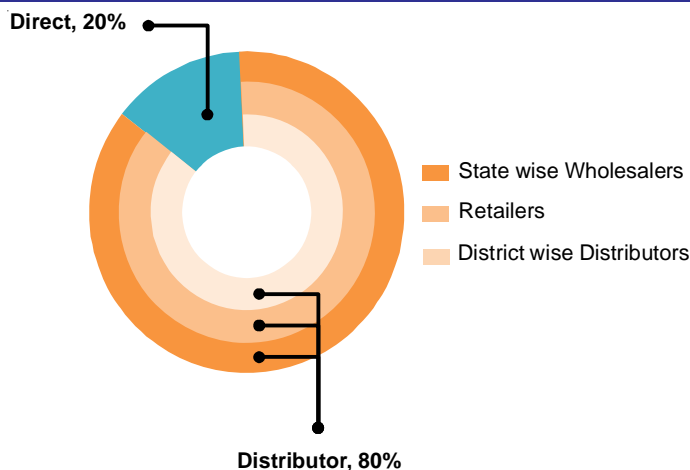
Post the commissioning of the Raipur facility, it has a pan-India presence with units strategically located in the North (Sikandarabad -3 units), South (Bangalore, Hosur), West (Murbad) and East (Raipur). The Company has a strong three-tier distribution network of over 600 dealers spread across India, with 26 warehouses cum- branch offices across India.

Manufacturing capacity



Source: Company, Antique

B to C - Supply Chain



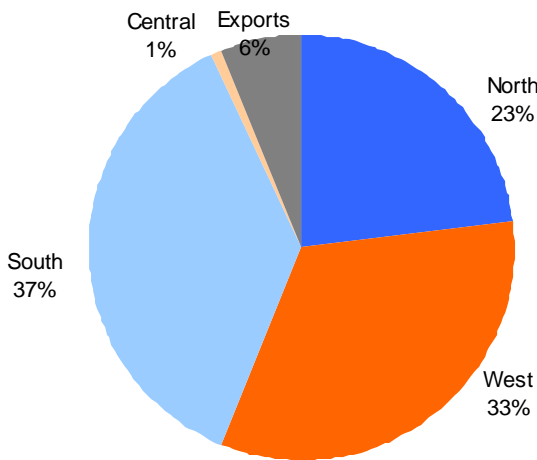
Source: Company, Antique

Distribution

	FY12	FY13	FY14	FY15	FY16
No. of Distributors	200	275	300	375	600
No. of Warehouses	15	19	26	26	26
No. of Plants	5	5	5	6	6

Source: Company, Antique

Zone-wise sales break-up



Source: Company, Antique

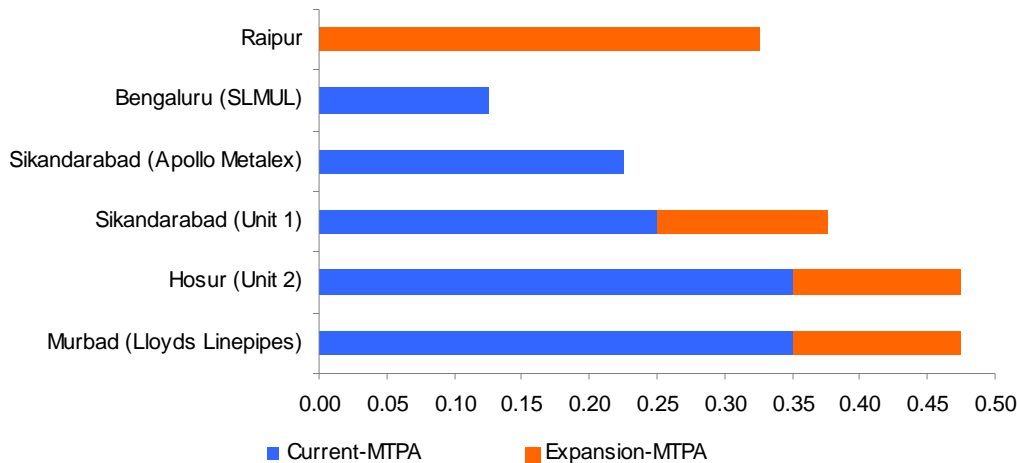
Client base stretching across segments

- Infrastructure :** Metro (Delhi, Mumbai, Bengaluru, Hyderabad, Kolkata, Kochi & Jaipur), L&T, Gammon, Afcons, B L Kashyap, CPWD, GMR, Engineers India, MHADA, ACE
- Pre-Engineering :** Zamil, Kirby, Tigar, Pennar
- Building Services**
- Power & Gas :** BHEL, HP, IGL, Gujarat Gas, BP, Suzlon, MRPL, NTPC, Cairn Energy, Mahindra Susten
- Corporates :** Adani, Reliance, Ashok Leyland, Tata, DLF, SAIL

Aggressive capacity expansion from 1.3MTPA to 2MTPA and vision to become the world's largest steel tube manufacturer globally by 2020.

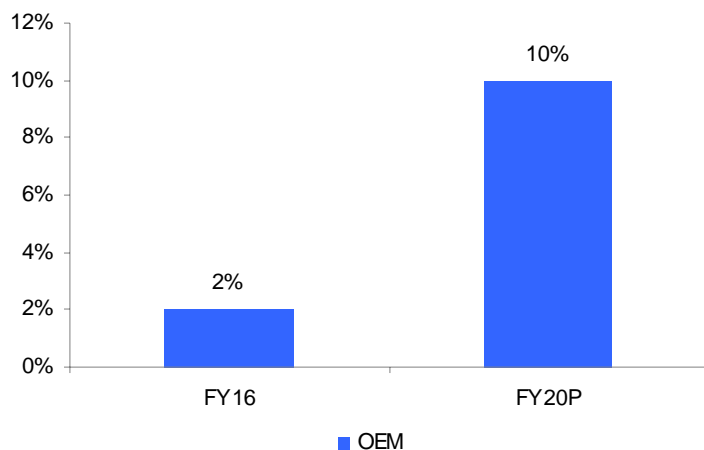
Existing pipe capacity of 1.3MTPA would be expanded to 2.0MTPA by FY18 including 0.5MTPA capacity of the DFT technology. Pipes capacity is more than double that of the nearest competitor. APL enjoys economies of scale in raw material procurement and also has an advantage of lower freight costs with facilities and depots located close to demand hubs. Company is planning to tap new opportunities across OEM's, export markets and expanding its geographical footprint in the underpenetrated East and Central markets through green field plant in Raipur.

Capacity expansion to 2MTPA



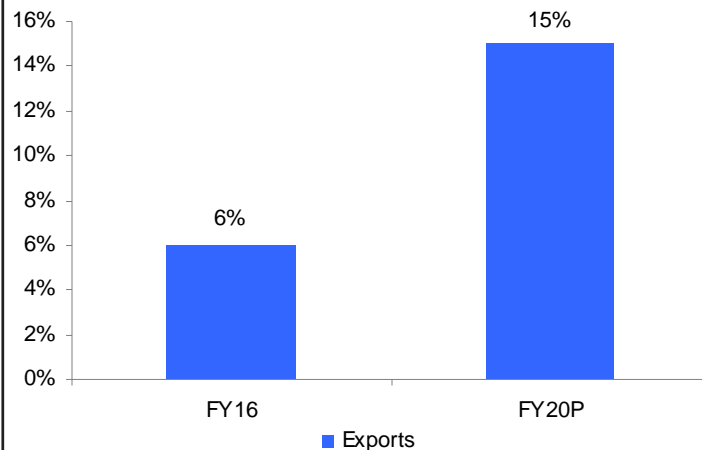
Source: Company, Antique

OEM



Source: Company, Antique

Exports



Source: Company, Antique

Pioneer in adopting latest technologies, recently introduced 'Direct Forming Mill Technology' and 'In-Line galvanizing of tubes'

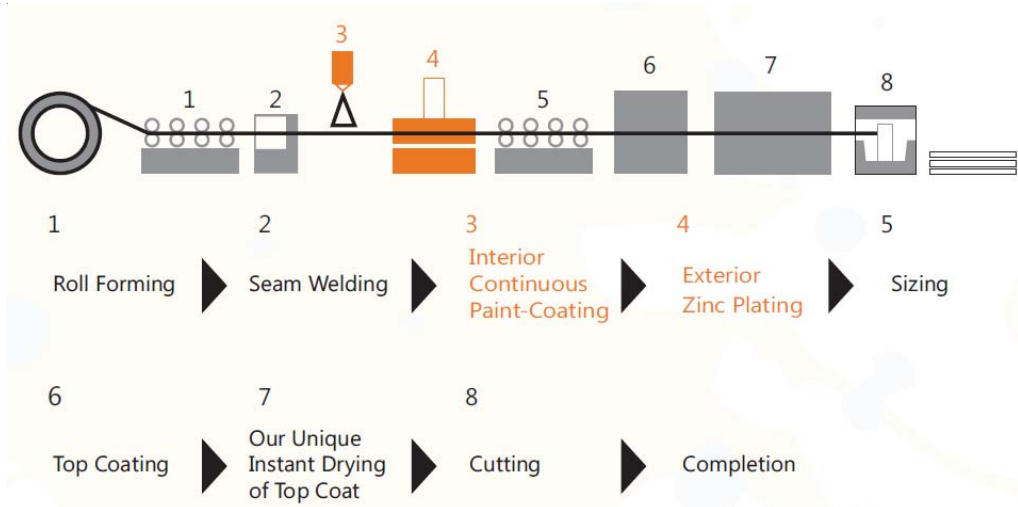
APL was the pioneer in launching color coated and pre-galvanized pipes in the domestic markets. It is also the first company to introduce latest global technologies including Direct Forming Technology (DFT) and In-line galvanizing in India. DFT is the latest global technology for making hollow sections of superior quality which reduces rollover time significantly. DFT is expected to lead to savings in raw material costs of ~3-7% and increased design flexibility leading to higher product customization. The company has also been awarded patents for new designs for six products. APL is targeting a contribution from value-added products of over 90% by 2020.



Source: Company, Antique

Once DFT is implemented by end-FY17, the company will be ready to introduce a wider variety of products across India at minimal turnaround time. APL can store smaller quantities of large variety of products and can demand higher pricing over others due to immediate availability and unconventional varieties. As hollow sections made from DFT are lower in weight compared to the conventional technology by at least 3-7%, the company would be saving on material cost/ton basis. As the company would be selling customized products, it is expected to be margin-accretive over the next three-year period. DFT could open up a window of opportunity to launch new products for agricultural implements, gym/sports equipment, solar power plants, truck & bus bodies, metros/airports infrastructure, construction equipments, prefabricated structures, warehouse.

In-line Galvanizing Technology Manufacturing Process



Source: Company, Antique

APL Apollo is all set to bring new In-Line Galvanizing Technology in India for the first time. In this process tube making and zinc plating are done simultaneously. The tube interior is uniformly finished with baked coating simultaneously done in manufacturing, giving the tube interior its strong anti-corrosion property.

Wide product basket aids competitiveness

APL Apollo serves as a 'one-stop shop' for a wide spectrum of steel products, catering across a spectrum of industry applications including urban infrastructure, automobile, construction, housing, energy, irrigation, solar plants, greenhouses and engineering. APL Apollo has one of the widest product portfolios in the industry. Product basket consists of numerous shapes varying from round tubes to hollow section to special frames. The range spans various shapes/sizes from ½" to 14" in the outer diameter for round tubes, 12x12mm to 255x255mm in square section and 26.5x13.5mm to 300x200mm in rectangular section, 0.6 mm to 10.0 mm in wall thickness, 3 meters to 12 meters in length and surface protection options of oil/varnished, hot dip galvanized, pre-galvanized and color coating.

Company has also introduced new products like door frame, window frame, handrail, T section, narrow and small sections catering to the low cost housing segment providing cost savings. APL constantly pursues innovations to meet new requirements of customers and creating new value propositions with the help of latest technologies.

Black Round



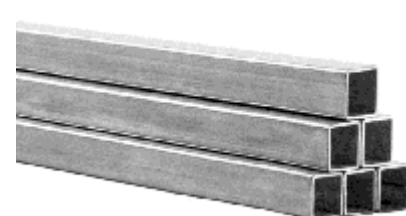
Black Hollow Section



Galvanized



Pre-Galvanized



Continuously augmenting the product basket

At least 30% savings as compared to Normal wood

Double Door Frame Section



Single Door Frame Section



Paint Coated



Narrow Sections



Pipe Dimensions



New Patented Designs

D Shape



Hand Rail



Z Shape



L Section



T Shape



Elliptical tube



APL Apollo consistently gaining market share

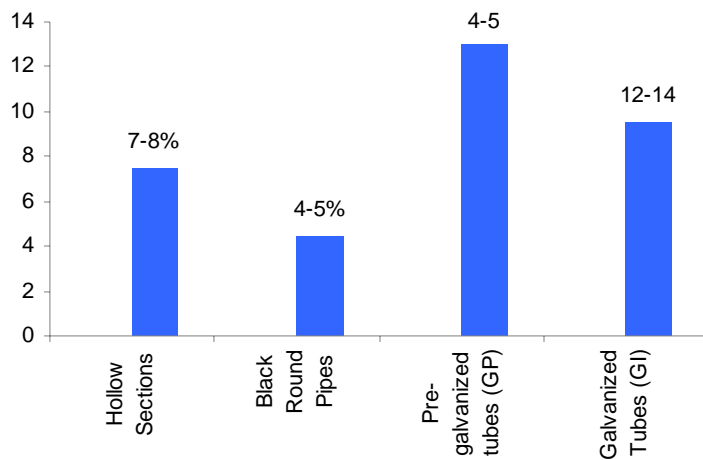
APL Apollo has been gaining market share from the smaller unorganized players aided by the following factors that work to the company's advantage:

- a) Economies of scale and lower raw material costs (which form 85% of total costs) as the company is one of the largest HRC buyers in the domestic market.
- b) Branding and premium realizations due to the benefits from brand building and brand awareness initiatives. Company has appointed marketing consultant in FY2017 to drive the overall branding strategy and is targeting about 30,000 sign-age boards across the country for higher visibility.
- c) High-end R&D capabilities launching new product lines and targeting to double the sales & marketing team in near future.
- d) Procuring the latest technology, scaling up capacities and optimum utilization of resources.
- e) Strong balance sheet with comfortable leverage levels leading to low interest costs.
- f) High levels of capacity utilization leading to operating leverage benefits and higher recovery of overhead costs.

EBITDA margin expansion targeted through value added products, branding and scale efficiencies

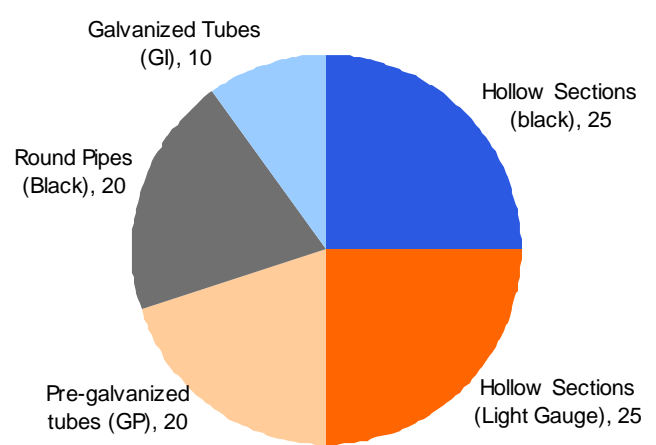
The company is targeting to increase EBITDA per tonne from current levels of INR 3,270 to 4,000 per tonne, and increase the RoE above thirty per cent by growing their sales volumes by over twenty five per cent. Profitability would be improved by constantly increasing higher margin products in the product mix. The focus is to get higher sales from higher margin products like pre-galvanized tubes, door & window frames. DFT products are expected to have better margins as they offer significant saving in costs for the same strength and quality. Branding initiatives have also helped establish APL as a brand in the mind of the customers translating into premium realizations. EBITDA margins are targeted in the range of 10%, on the back of the improved product mix, better technology and branding.

Product margin profile FY16 (%)



Source: Company, Antique

FY16 Product mix (%)



Source: Company, Antique

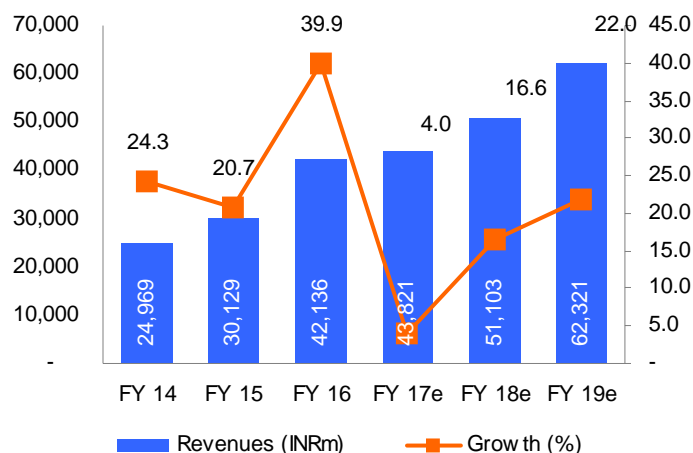
Vision 2020- Goals set by the company

APL has set the following goals to be achieved by 2020.

- Targeting to become one of the largest ERW Pipe manufacturers globally.
- Achieve volume sales of over 2.5 MTP A with a 25% CAGR increase in volumes.
- Targeting EBITDA per tonne of INR 4,000 as compared to FY16 levels of 2,941 per tonne.
- Target a core RoE in excess of 30%.
- Reduce working capital cycle to less than 50 days.
- Minimize debt levels and aim for zero debt by 2020.
- Increase dividend payout ratio above 20%.

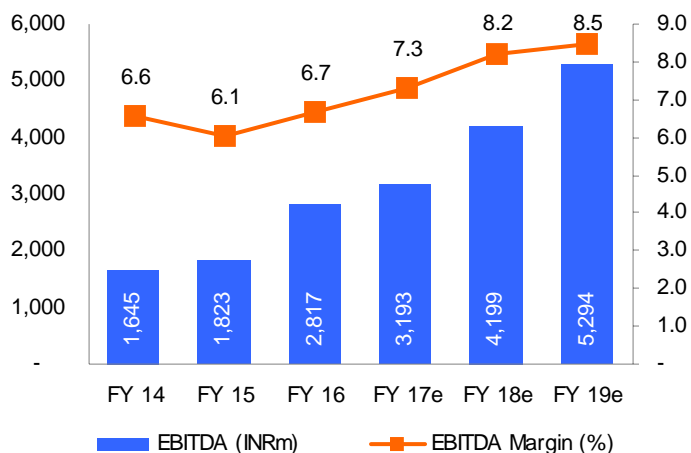
Comfortable leverage with steady improvement in return ratios, lower interest rates to reduce borrowing costs

Revenues improving steadily



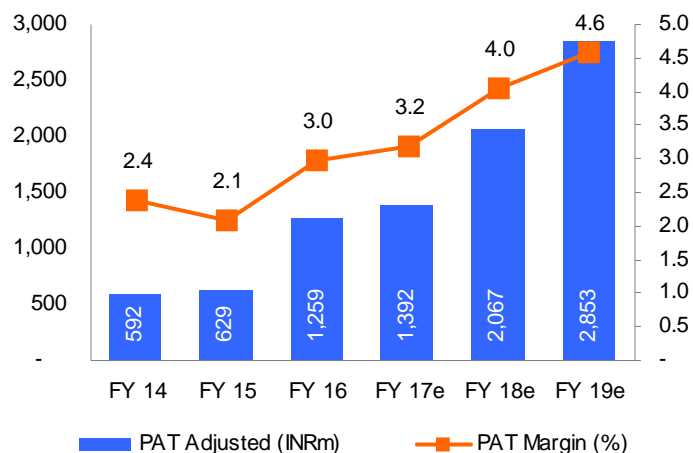
Source: Company, Antique

EBITDA and EBITDA margins also strong



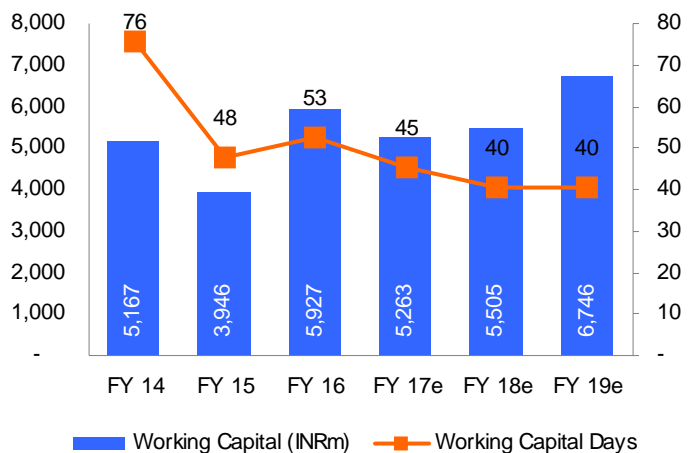
Source: Company, Antique

PAT and margin trend



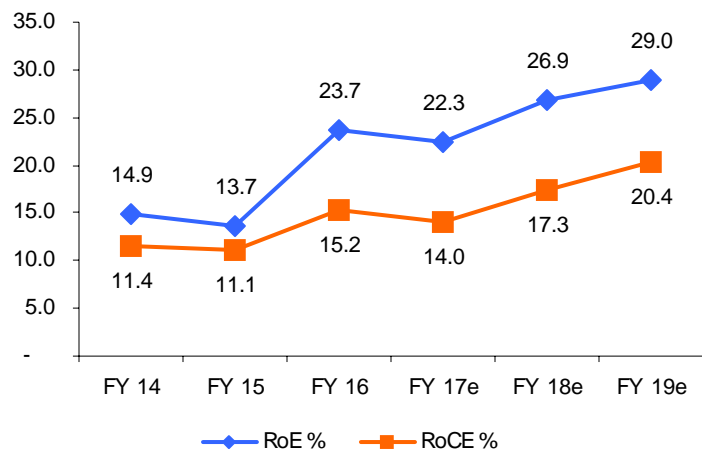
Source: Company, Antique

Working capital days maintained



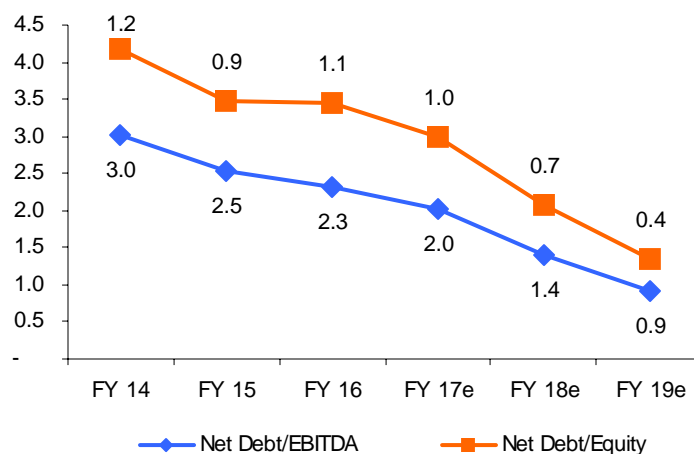
Source: Company, Antique

A steady growth in RoE and RoCE



Source: Company, Antique

Comfortably leveraged



Source: Company, Antique

Relative valuation

Company Name	EV/EBITDA (x)		P/E (x)		RoE (%)		P/B (x)	
	1year fwd	2year fwd	1year fwd	2year fwd	1year fwd	2year fwd	1year fwd	2year fwd
APL Apollo	7.8	6.0	13.7	10.0	26.9	29.0	3.3	2.6
Surya Roshni	5.1	4.1	10.2	7.3	11.5	14.8	1.1	1.0
Goodluck India	4.5	4.0	4.3	3.4	17.1	18.3	0.7	0.6
Maharashtra Seamless	6.4	7.0	13.3	11.6	6.3	6.2	0.8	0.7
Jindal Saw	6.0	5.4	8.7	7.6	5.3	5.7	0.5	0.4
Welspun Corp Ltd.	5.2	4.7	-	27.4	(0.9)	5.7	-	-
Ratnamani Metals & Tubes Ltd	11.0	9.3	20.0	16.4	14.5	15.9	2.8	2.5

Source: Bloomberg, Antique

Key Assumptions

Key assumptions	FY15	FY16	FY17e	FY18e	FY19e
ERW pipe volumes (MT)	0.7	1.0	1.0	1.2	1.4
Pipe blended realization (INR per tonne)	44,504	35,641	40,729	42,001	42,688
EBITDA (INR per tonne)	2,594	2,941	3,270	3,643	3,732

Source: Company, Antique

Annexure

Profile of Board of Directors & key management personnel

Sanjay Gupta - Executive Chairman

Sanjay Gupta is an entrepreneur with an experience of over two decades in various steel industry segments and has led the steady growth of the company.

Ashok K. Gupta - Managing Director

Ashok K. Gupta is a steel industry veteran with over three decades of experience and has worked at senior management positions in SAIL, Bhushan Steel, LN Mittal Group (African Continent), Jindal etc. He is MSc (Physics), PGDBA from AIMA and has won various medals and awards.

Vinay Gupta - Director

Vinay Gupta has over 16 years of experience in exports and international markets with in-depth knowledge of manufacturing and trading pipes, tubes, sheets and other steel products.

Mr. Sharad Mahendra - Director Sales & Marketing

Mr. Mahendra is an engineer (B.E. Mechanical) with more than 27 years of experience in automobiles, steel and chemical industries. He started his career with Yamaha Motors in sales & marketing and has been associated in the senior management team of reputed organizations like JSW Steel, Phillips Carbon Black.

Anil Kumar Bansal - Director

Anil Kumar Bansal is an ex-Executive Director of Indian Overseas Bank and has almost four decades of experience in the banking industry. Bansal is M. Sc. (Agri.) and is a certified associate of CAIIB.

Abhilash Lal - Director

A mechanical engineer, Lal completed his post graduation in management from the Indian Institute of Management (IIM), Bangalore in 1988. He has spent more than 27 years in senior roles in financial services, including banking, consulting, insurance, investments and real estate.

S. T. Gerela - Director

S. T. Gerela, Master in Arts, a graduate in law and C.A.I.I.B, has been associated with various regulatory authorities like SEBI, RBI & BSE among others. He has been a member of various committees, study groups & delegations constituted by government/semi-government authorities.

Ms. Neeru Abrol - Director

Ms. Neeru Abrol is the former Chairperson and Managing Director of M/S National Fertilizers Ltd. She also worked with M/s Steel Authority of India for 26 years, handling various management positions. She is a Chartered Accountant professional with over three decades of rich experience in manufacturing industry and financial management.

Organizational Hierarchy



Financials

Profit and loss account (INRm)

Year ended 31 Mar	2015	2016	2017e	2018e	2019e
Revenues	30,129	42,136	43,821	51,103	62,321
Expenses	28,306	39,319	40,628	46,904	57,027
EBITDA	1,823	2,817	3,193	4,199	5,294
Depreciation & amortisation	220	341	494	567	599
EBIT	1,603	2,476	2,699	3,632	4,695
Other income	30	103	54	59	74
Interest expense	665	695	644	559	446
Profit before tax	968	1,883	2,109	3,133	4,323
Extraordinaries	(0.5)	(253.3)	-	-	-
Tax	339	624	717	1,065	1,470
Profit after tax	629	1,006	1,392	2,067	2,853
Adjusted PAT	629	1,259	1,392	2,067	2,853
EPS (INR)	26.8	53.7	59.0	87.6	121.0

Balance sheet (INRm)

Year ended 31 Mar	2015	2016	2017e	2018e	2019e
Share Capital	234	234	236	236	236
Reserves & Surplus	2,843	3,567	4,676	6,461	9,031
Premium A/c	1,874	1,874	1,874	1,874	1,874
Networth	4,951	5,676	6,786	8,570	11,141
Debt	4,822	6,506	6,506	5,880	4,951
Deferred tax/ other liabilities	745	859	859	859	859
Capital Employed	10,517	13,040	14,150	15,309	16,951
Gross Fixed Assets	6,474	7,291	8,591	10,491	11,091
Accumulated Depreciation	762	1,058	1,552	2,118	2,717
Net Assets	5,712	6,233	7,039	8,372	8,373
Capital work in progress	240	320	1,296	879	1,279
Goodwill on Consolidation	429	429	429	429	429
Investments	191	131	124	124	124
Current Assets Loans & Advances					
Inventory	3,196	5,944	4,837	5,070	6,138
Debtors	1,753	2,199	2,451	2,867	3,505
Cash & Bank	188	14	20	43	100
Loans & advances and others	1,520	1,333	1,517	1,638	2,003
Current Liabilities & Provisions					
Creditors	2,434	3,071	3,071	3,546	4,311
Provisions	276	490	490	566	688
Net Current Assets	3,946	5,927	5,263	5,505	6,746
Application of Funds	10,517	13,040	14,150	15,309	16,951

Per share data

Year ended 31 Mar	2015	2016	2017e	2018e	2019e
No. of shares (Mn)	23	23	24	24	24
BVPS (INR)	211.2	242.1	287.7	363.3	472.3
CEPS (INR)	36.2	68.3	79.9	111.7	146.3
DPS (INR)	6.0	10.0	10.0	10.0	10.0

Margins (%)

Year ended 31 Mar	2015	2016	2017e	2018e	2019e
EBITDA	6.1	6.7	7.3	8.2	8.5
EBIT	5.3	5.9	6.2	7.1	7.5
PAT	2.1	3.0	3.2	4.0	4.6

Source: Company, Antique

Cash flow statement (INRm)

Year ended 31 Mar	2015	2016	2017e	2018e	2019e
PBT	968	1,883	2,109	3,133	4,323
Depreciation	220	341	494	567	599
Interest	665	695	644	559	446
(Inc)/ Dec in working capital	1,308	(2,155)	670	(219)	(1,184)
Tax paid	(339)	(624)	(717)	(1,065)	(1,470)
CF from operating activities	2,822	140	3,200	2,974	2,714
Capex	(1,889)	(897)	(2,276)	(1,483)	(1,000)
(Inc)/ Dec in Investments	(15)	59	8	-	-
Income from investments	(1)	(253)	-	-	-
CF from investing activities	(1,905)	(1,091)	(2,268)	(1,483)	(1,000)
Inc/(Dec) in share capital and premium	230	0	1	-	-
Inc/ (Dec) in debt	(226)	1,684	-	(626)	(929)
Dividends & Interest paid	(833)	(976)	(927)	(842)	(729)
Others	(0)	69	0	(0)	0
CF from financing activities	(830)	776	(926)	(1,467)	(1,657)
Net cash flow	87	(175)	6	23	57
Add: Opening balance	101	188	14	20	43
Closing balance	188	14	20	43	100

Growth indicators (%)

Year ended 31 Mar	2015	2016	2017e	2018e	2019e
Revenue	20.7	39.9	4.0	16.6	22.0
EBITDA	10.8	54.5	13.4	31.5	26.1
PAT	6.3	100.1	10.6	48.5	38.0
EPS	6.3	100.1	9.9	48.5	38.0

Valuation (x)

Year ended 31 Mar	2015	2016	2017e	2018e	2019e
P/E (x)	45.0	22.5	20.5	13.8	10.0
P/BV (x)	5.7	5.0	4.2	3.3	2.6
EV/EBITDA (x)	17.3	11.9	10.5	7.8	6.0
EV/Sales (x)	1.0	0.8	0.8	0.6	0.5
Dividend Yield (%)	0.5	0.8	0.8	0.8	0.8

Financial ratios

Year ended 31 Mar	2015	2016	2017e	2018e	2019e
RoE	13.7	23.7	22.3	26.9	29.0
RoCE	11.1	15.2	14.0	17.3	20.4
Debt/Equity (x)	0.9	1.1	1.0	0.7	0.4
EBIT/Interest (x)	2.4	3.6	4.2	6.5	10.5

Source: Company Antique

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